

VZCZCXRO4897
OO RUEHCHI RUEHCN RUEHDT RUEHHM
DE RUEHML #0329/01 0440712
ZNY CCCCC ZZH
O 130712Z FEB 09
FM AMEMBASSY MANILA
TO RHOVQHS/COMSEVENTHFLT IMMEDIATE
RUEHC/SECSTATE WASHDC IMMEDIATE 3217
INFO RUEHZS/ASSOCIATION OF SOUTHEAST ASIAN NATIONS IMMEDIATE
RUEKJCS/JOINT STAFF WASHINGTON DC IMMEDIATE
RHEHNSC/NSC WASHDC IMMEDIATE
RUEKJCS/SECDEF WASHDC IMMEDIATE

C O N F I D E N T I A L SECTION 01 OF 03 MANILA 000329

SIPDIS

STATE FOR EAP/MTS

E.O. 12958: DECL: 02/13/2019
TAGS: [MARR](#) [MPOS](#) [PINS](#) [PREL](#) [RP](#)
SUBJECT: SCENESETTER FOR ADMIRAL BIRD'S VISIT TO THE
PHILIPPINES

MANILA 00000329 001.2 OF 003

Classified By: Acting Deputy Chief of Mission Larry L. Memmott;
for reasons 1.4 (b) and (d)

¶1. (C) SUMMARY: Admiral Bird, welcome back to the Philippines! Our recent meetings with senior Philippine officials have underscored that our bilateral security relationship is robust and that the Philippines is a valued strategic partner, but we are keenly aware of the sensitivity surrounding U.S. military presence in the Philippines. On February 11, the Philippine Supreme Court ruled that the Visiting Forces Agreement was constitutional, but also decided that U.S. Marine Lance Corporal Daniel Smith should be in Philippine custody, pending discussions between our two governments. We publicly have reaffirmed the professionalism of our military personnel, and during your visit, the heightened political and media environment surrounding the court decision will require close coordination on public events, community relations activities, and liberty. Successes continue on key security cooperation and counterterrorism issues along with the government's pledge to re-start the stalled peace process talks with the Moro Islamic Liberation Front soon. With less than 16 months left in her term, President Arroyo is battling a potentially worsening economy and competing political interests. President Arroyo continues to express her commitment to human rights and assures us the government will continue its efforts to reduce the number of extrajudicial killings in 2009. During your visit you will be briefed by the Mission Country Team and will meet with Philippine Armed Forces Chief of Staff General Alexander Yano, Philippine Navy commander Vice Admiral Ferdinand Golez, and Undersecretary for Legal Affairs Alberto Valenzuela, and participate in outreach activities for the USS Blue Ridge visit. END SUMMARY.

SUPREME COURT RULES VFA CONSTITUTIONAL

¶2. (C) The Philippine Supreme Court ruled February 11 that the Visiting Forces Agreement (VFA), which governs the presence of U.S. military personnel in the Philippines, is constitutional. However, it also ruled that U.S. Marine Lance Corporal Daniel J. Smith, who has been in custody on Embassy grounds since his December 2006 conviction for rape, should be transferred to Philippine custody. The Mission is intensively engaging senior levels of the Philippine government on the court decision and LCPL Smith will remain in USG custody until a mutually acceptable resolution is reached. We publicly have emphasized that the U.S. military holds itself to the highest standards of conduct, but the sensitive media and political atmosphere generated by the

Supreme Court's decision will require that we closely cooperate on all activities during the USS Blue Ridge visit, including public appearances and liberty. Press guidance is attached in paragraphs 12-13.

SUCCESSFUL COUNTERTERRORISM EFFORTS

13. (C) The United States and the Philippines have scored important successes on the security cooperation and counterterrorism fronts over the last several years, and the Philippines continues to be a valued strategic partner. Secretary of National Defense Gilberto Teodoro recently emphasized that the Philippine government's success against key high value individuals of the Abu Sayyaf Group (ASG) and Jemaah Islamiyah (JI) terrorist organizations were achieved despite persistent shortfalls in logistical assets, and he values the contributions of U.S. military personnel to the improved combat capability of Philippine forces. While the overall security situation in the southern Philippines has improved significantly over the past two years as a result U.S. military assistance, the brazen January kidnappings on Jolo island of three members of the International Committee of the Red Cross, who remain in terrorist captivity, highlights the continuing challenges that face the Philippine military and police in securing these volatile areas.

14. (C) As a result of continued joint training with their U.S. counterparts, the Philippine military has disrupted terrorist networks in Mindanao and destroyed numerous known terrorist camps in the Sulu Archipelago. Since November 2008, combined military and police efforts in Mindanao, supported by U.S. personnel, led to the capture of senior JI facilitators Hajiruddin Dansalan in November 2008, and Omar

MANILA 00000329 002.2 OF 003

Venancio and Makasid Dilna in January 2009. Separately, on December 7, 2008, the Philippine military conducted nearly simultaneous offensives against high-value ASG members on Jolo island and an ASG group involved in numerous kidnappings on Basilan island.

STRONG BILATERAL DEFENSE RELATIONSHIP CONTINUES

15. (C) With a new administration in Washington and presidential elections for the Philippines set for May 2010, senior Philippine defense officials believe now is the time to showcase the depth of the U.S.-Philippine relationship in a variety of areas, including counterterrorism operations, disaster relief, and multilateral engagement. As such, these officials have emphasized that continued U.S. military assistance is essential and that expanded programs could provide greater improvements in areas ranging from regional security to human rights.

16. (C) Recently, Secretary Teodoro also stressed that the U.S.-Philippine Mutual Defense Treaty, which has been in place since 1953, could not be underestimated for its importance in reinforcing the history shared between our two countries and for providing a mechanism for future engagement. Teodoro has championed the successes of Philippine Defense Reform (PDR) with sustained U.S. assistance, and said that with the PDR set to conclude with the end of his tenure in 2010, he wants to complete two additional components in the next 15 months: a study of Philippine counterinsurgency doctrine based on current practices; and a review of information and psychological operations to determine the most effective way to build support for government efforts. Philippine defense officials generally believe that the next phase of the U.S.-Philippine military relationship should go beyond combat training and focus on broader strategic objectives.

17. (C) From increased ship visits to robust bilateral exercises to a national focus on civil-military and humanitarian activities, the Philippine government welcomes U.S. military engagement and is working to streamline administrative processes so bilateral activities proceed smoothly, particularly with regard to ship and aircraft clearances. Along with over 800 aircraft clearances, the Philippine government approved 130 ship visits in 2008 -- up from 81 in 2007. The overwhelming positive impact of these ship visits on the local communities, not only in economic terms, but more importantly in the associated community relations activities conducted while in port, garner enormous goodwill among the local populace.

GOVERNMENT PLEDGES TO RESTART STALLED PEACE PROCESS

18. (C) Although peace talks with separatist Moro Islamic Liberation Front (MILF) insurgents have remained stalled since fighting broke out in August 2008, prospects point towards a possible resumption of negotiations this spring -- a promise that the government has pledged to keep. Groundwork already proceeding includes a reconstituted government peace panel, a newly-appointed chief negotiator, back-channel communications with Muslim rebels, and overtures to Malaysia and other nations to play an active role as mediators in facilitating renewed talks. A firmly re-established cease-fire and renewed peace talks would create a more positive atmosphere for talks and allow tens of thousands of displaced people to return home. Earlier this year, President Arroyo publicly stated that 2009 would be a "comeback year for peace" and that she would emphasize to all stakeholders that a robust peace process between the Philippine government and the MILF would encourage stability in the region and enhance economic development.

PHILIPPINE POLITICS

19. (C) With 16 months left in office, President Gloria Macapagal Arroyo continues to balance competing political interests amidst economic challenges. A forceful politician who has faced a series of challenges to her rule, including unsuccessful impeachment efforts and low-level military coup attempts, President Arroyo's administration has been plagued

MANILA 00000329 003.2 OF 003

by allegations of corruption. As her term ends in 2010, her Vice President and several senators have already announced their intent to run for the presidency. While her administration has publicly pledged to reinvigorate the stalled Mindanao peace process, it is also widely believed that she will soon begin to actively lend support to her choice to succeed her as president.

PHILIPPINES ECONOMIC GROWTH SLOWS

110. (U) In 2007, the Philippine economy grew by seven percent, but growth slowed to five percent in 2008. However, in recent months, many Philippine businesses as well as several U.S. companies announced plant closures and large scale layoffs, signaling that the economic pain from the world-wide economic slowdown is widening. Should the global economic downturn be prolonged, the impact on poverty in the Philippines, where almost half the population lives on less than USD two dollars per day, could have a visible impact on domestic politics. On the positive side, the Philippine banking system is relatively sound and not heavily exposed to risks from current global financial turmoil. The U.S. remains the Philippines' largest trading partner, with over \$17 billion in two-way trade during 2007 and the largest investor, with \$6.6 billion in equity.

PROMOTING HUMAN RIGHTS

¶11. (C) President Arroyo continues to express her unwavering commitment to making greater progress on the long-standing problem of extrajudicial killings, and has taken concrete steps in this direction. Partly due to increased attention by the Philippine government, the number of extrajudicial killings decreased dramatically through 2007 and 2008. While many execution-style slayings among politicians and others are likely a result of local disputes and long-standing feuds among rival clans, the government acknowledges the need to do more to ensure that all such crimes -- whether or not linked to security forces -- are fully investigated, and that those responsible are brought to justice. The Embassy continues to press the issue at the highest levels of the Philippine government, and has implemented a comprehensive plan of public outreach activities, training, and institution-building to make further progress in addressing the problem.

PRESS GUIDANCE FOR SMITH CASE

¶12. (U) In response to numerous media queries, the Embassy issued a brief statement February 11 as follows:

Philippine Supreme Court Decision on Visiting Forces Agreement

-- The U.S. Embassy has taken note of the Supreme Court decision regarding the Visiting Forces Agreement (VFA). As it concerns important legal issues, we have referred it to United States legal experts in Washington.

¶13. (U) The following if-asked guidance was also prepared:

-- The Visiting Forces Agreement (VFA) has provided the sole framework for U.S.-Philippine cooperation on legal cases involving visiting U.S. military personnel.

If asked about whereabouts of Daniel Smith:

-- Daniel Smith remains in confinement on the grounds of the main U.S. Embassy compound.

KENNEY